

Co-opEnergy and 160MWh/year Consumers

The Co-opEnergy Purchasing Group was established in 1998 and followed a letter forwarded to community service agencies seeking their participation. The co-operation of two agencies in particular facilitated the membership of the Purchasing Group:

Aged Care Victoria
Commission for Mission, Uniting Church

Agencies can be grouped as follows:

- Agencies who joined the Purchasing Group and signed contracts with Eastern Energy.
- Agencies who joined the Purchasing Group but did not have contestable sites.
- Agencies who joined the Purchasing Group but did not sign a contract with Eastern Energy.
- Agencies who did not join the Purchasing Group.

There are a total of **28** agencies who have joined the Purchasing Group. Of these:

- **18 (64.28%)** had contestable sites and signed a contract with Eastern Energy.
- **6 (21.43%)** had no contestable sites.
- **4 (14.29%)** had contestable sites but signed with other retailers.

There were discussions with **12** agencies who did not join the Purchasing Group.

Based on industry experience, quotes were sought from 6 retailers:

- Eastern Energy
- Energy 21
- ETSA
- Great Southern Energy
- Powercor
- United Energy

Eastern Energy offered not only the lowest price but also useful value-added services. It was recommended to members of the Purchasing Group, therefore, that they sign with Eastern Energy. Eastern Energy offered a first year price of:

Peak	2.2c
Offpeak	1.17c

The following are the 18 agencies with 22 sites who have signed contracts with Eastern Energy:

Agency	Site	% Savings	Host Distributor	Uniting Church
Lumeah	Lumeah	57	AE	Yes
Strathdon	Strathdon	46	UE	Yes
Trewint	Trewint	31	UE	Yes
Borella House	Borella House	25	Great Southern	Yes
Kalkee	Kalkee	16	Powercor	Yes
Strath-Haven	Strath-Haven	22	Powercor	Yes
Bodalla	Bodalla	44	Citypower	Yes
Murchison	Murchison	5	Powercor	
Vasey Housing	Church St	28	UE	
Vasey Housing	Cochrane St	28	UE	

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Tongala Bush	McHale	10	Powercor	
Tongala Bush	Koraleigh	25	Powercor	
Wintringham	Wintringham	39	AGL	
Kirkbrae	Kilsyth	30	Eastern Energy	
Kirkbrae	Whittington	20	Powercor	
Lynden Aged Care	Lynden	39	Citipower	
Shepparton	Shepparton	21	Powercor	
Catholic Homes	Mulgrave	31	UE	
Catholic Homes	Balwyn	40	Citipower	
Catholic Homes	Sunshine	31	Powercor	
Southport Nursing	Southport	37	Citipower	
Lutheran Home	Lutheran Nursing	12	Great Southern	
Mirboo North Bush	Mirboo North	30	Eastern Energy	

The following agencies joined the Purchasing Group but declined to accept an Eastern Energy contract:

Agency	Site	% Savings	Host Distributor	Uniting Church
Marivale	Marivale	36	AGL	Yes
Mayflower	Mayflower	57	UE	Yes
Lionsville	Lionsville	51	AGL	
Moorfields	Moorfields (3)	40-45	Citipower	Yes

The average savings achieved for members of the Co-opEnergy Purchasing Group was 32%. This compares favorably with other contestable customers.

A 1998 survey by the Australian Chamber of Manufactures of 410 large businesses who were contestable before 1 July 1998 concluded that there had been an average savings of 26% - with an average reduction of 30.6% in New South Wales and 23.2% in Victoria. **Members of the Co-opEnergy Purchasing Group have received a better average savings than members of the Australian Chamber of Manufactures.**

ACM Average Savings	Co-opEnergy Average Savings
26%	32%

A further significant negotiation was for a three year which has enabled the locking-in of low prices.

The savings for members of the Co-opEnergy Purchasing Group estimates do not include value-added benefits being provided worth between \$1000-1500 for each site:

- A free walk through energy audit
- A Thermal Imaging Survey of main switchboards.
- A \$500 contribution to a smart meter for consumers in the Eastern Energy distribution area and \$500 for advertising for those not in the Eastern Energy Distribution area.

The percentage of savings depended on three different factors:

- The network charges of the different distribution companies.

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- The previous tariffs.
- The ratio of peak and offpeak use.

There were six members of the Purchasing Group which did not have contestable sites:

Doutta Galla Aged Services Inc
Uniting Church Lodge Program
Taskadoon P/L
Condare Court (Uniting)
Tanderra (Uniting)
Martin Luther Homes

Another member of the Purchasing Group withdrew:

Eventide, Stawell

There were also discussions with the following agencies who did not proceed to join the Purchasing Group:

Brotherhood of St Laurence Community Services (Lara)
Society of St. Vincent de Paul
The Emmy Monash Homes For The Aged
Victorian Deaf Society
Adventist Retirement Villages
Baptist Community Care
Anglican Homes for the Elderly
Airdrie House
San Carlo Homes
Gladswood Home
Salvation Army Care Services

There were also in general discussions with the Victorian Local Governance Association and the Victorian Council of Social Service which did not result in any formal arrangements.

Follow-Up

The following short-term action will be necessary to consolidate our achievements to date:

- 1) A letter to the 18 agencies who joined the Purchasing Group and signed with Eastern Energy reminding them of our back-up support for the duration of the contract, reminding them of the value-added benefits achieved and their importance and necessary follow-up and our role, informing them of the forthcoming Co-opEnergy newsletter and suggesting that they forward copies of their electricity bills as they are received. In addition, bill individual agencies who are not Uniting Church and bill Uniting Church for the Uniting Church agencies.
- 2) A letter to the four agencies who joined the Co-opEnergy Purchasing Group but did not sign with Eastern Energy, informing them that because of the \$200 fee our backup support was still available but on a more limited basis, informing them of the benefits of the value-added services by those who signed with Eastern Energy.
- 3) A letter to the six agencies who have joined the Co-opEnergy Purchasing Group and who did not have contestable sites, reminding them of our back-up role and our interest in serving their interests, informing them about the Co-opEnergy newsletter
- 4) Preparing a comprehensive report for Aged Care Victoria and the Uniting Church.
- 5) Planning the Co-opEnergy newsletter based on a quarterly A3 publication with a print run of 200 copies.

Conclusion

Our prime objective has been to establish ourselves as a genuine market participant. We have achieved this and savings which are comparable to those achieved by other players with more resources. We have also secured some value-added services whose benefits are not necessarily understood at this stage. While we could have taken on more clients, the cost of existing clients has meant that income has been limited and there would have been a major short-term problem of servicing a larger group of clients. This was also why we did not attempt to extend participation in the buying group to co-operatives. Even so, there has been resistance and/or hesitation to the \$200 fee and the 3% of savings and this has been a factor in losing some clients and not acquiring clients. For many actual and potential clients it has also not been necessarily easy to secure an understanding of our role as an aggregator. The role of the Commission for Mission of the Uniting Church has also been critical in paying the initial \$200 fee and the 3% commission for the first year. But, then, we also secured clients who were not being paid for by the Uniting Church. The role of Aged Care Victoria has also been critical in securing support and interest from aged care agencies.

It will be necessary to service our existing client group to maintain their loyalty and persuade others that there are benefits in joining the Group. We should also take the opportunity to demonstrate the benefits e.g., pool prices have already risen (COULD WE HAVE SOMETHING ON THIS GRAERME AND WHAT IT MEANS FOR RETAIL PRICES) and the long-term, importance of energy audits to encourage members to achieve future savings partly through a wiser use of electricity. We should be equally concerned with those who have joined but have not had contestable sites. We may be able to assist some of these agencies now because some may be on an incorrect tariff. For the future, we also need to help potential participants understand that the savings that have been achievable to date will not be achievable in the future and, therefore, the case for aggregation is ever stronger. We should also encouraged Aged Care Victoria to consider membership of Co-operative Energy Ltd.

As a market participant, our ability to enter and contribute to public policy debate is now strengthened.